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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 001708

SIPDIS

DEPT FOR SCA/INS

E.O. 12958: DECL: 08/10/2019

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SUBJECT: THE 13TH ROUND OF INDIA-CHINA BORDER TALKS:
LIMITED PROGRESS WITH A LONG WAY TO GO

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Classified By: Political Counselor Uzra Zeya for reasons 1.4 (B,D)

11. (U) SUMMARY: The thirteenth round of the India-China boundary negotiations, expanded to include a range of bilateral and international issues, was held on August 7-8 in New Delhi and ended without progress on the border dispute. The two sides agreed to establish a telephone hotline between capitals, and India announced a "Year of Friendship with China." The meeting took place in a tense atmosphere four months after China voted to block Asian Development Bank funding to India for water projects in Arunachal Pradesh. Expectations for the meeting were low, and there is a continuing strong feeling here that the border issue can not be resolved in the short term.

THE PLAYERS AND THE PRODUCTS

12. (U) State Councilor and Vice-Minister for Foreign Affairs Dai Bingguo and National Security Advisor M.K. Narayanan led the thirteenth round of the India-China boundary negotiations on August 7-8 in New Delhi. The Government of India's post-meeting statement described relations with China as a key foreign policy issue for India, and highlighted Dai Bingguo's statement that China views India's progress in a positive light and supports a "bigger role for India in international affairs." The feel-good statement conspicuously lacked concrete deliverables, but emphasized the need to maintain peace until the boundary dispute is settled. It also showcased recent growth in bilateral cooperation and highlighted the importance of cooperation between India and China at multilateral fora. (NOTE: full text available at <http://meaindia.nic.in/secframe.php?sec=ss> END NOTE). The telephone hotline idea was initially raised in Yekaterinburg on the sidelines of the Shanghai Cooperation Organization Summit (SCO) in June and was agreed to quickly in New Delhi. Press reports also indicated that India would in 2010 hold a "Year of Friendship with China" and vice versa to celebrate the 60th anniversary of establishment of relations.

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13. (U) The first stage of the three-stage border talks was completed in 2005, with an agreement on political parameters and guiding principles for the settlement. The ongoing, second stage aims to establish a framework for settlement of all the disputed border areas. Only in the third stage will actual processes of demarcation and delineation of boundaries take place. Chinese claims are linked to China's authority in Tibet, and include populated, Indian-administered areas such as the monastery town of Tawang, where the sixth Dalai Lama was born. The last round of talks in Beijing in September 2008 also made no progress.

WHAT HAPPENED, AND WHAT DIDN'T HAPPEN

14. (C) The most recent round of border talks was agreed to in June on the sidelines of the SCO Summit in order to address the rising level of tensions between India and China, said leading China hand and Jawaharlal Nehru University Professor Dr. Srikanth Kondapalli. India perceives a recent hardening in China's stance on Arunachal Pradesh due to increasingly frequent reports of border incursions, as well as China's recent bid to derail Asian Development Bank funding for Indian water projects in Arunachal Pradesh. India continues to monitor Chinese defense spending and capabilities closely, and is improving its own infrastructure and military capacity along the border, with reported plans, currently in the conceptual stage, to create two more Indian army divisions to post along the border. India will continue with infrastructure projects in the region despite Chinese opposition.

15. (C) Some Indian analysts we spoke to assess that China might eventually make a deal with India in return for

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security guarantees for the Karakoram Highway and/or the Tibetan railway, or in exchange for India being more forthcoming on Tibet; others speculate that a swap of Aksai Chin claims for Arunachal Pradesh could work. For the moment, however, neither side is ready to negotiate.

16. (C) In light of this stalemate, the thirteenth round of talks was expanded to include discussion of other bilateral and international issues. Dr. Madhu Bhalla of Delhi University said that it seemed like everything except the border had been discussed at the border talks. Both sides focused on a continued dialogue on common interests such as coordinated positions on climate change and trade, but it does not appear that agreements were reached in these areas.

17. (C) COMMENT: No one on the Indian side was surprised that the latest round of India - China border talks did little to resolve the border dispute. The only real deliverable -a new telephone hotline from New Delhi to Beijing -is an indicator of the high level of tension between the two countries. Despite the strong mandate enjoyed by the new Indian government, there are non-negotiable, strategic locations like Tawang that cannot be traded away. The two countries share the longest contested boundary in the world, and it may prove to be the longest series of boundary settlement negotiations in the world as well. #END COMMENT.
ROEMER